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Air India set to post record loss in FY21 on pandemic woes



Air India has introduced the first-ever non-stop services between Hyderabad and Chicago. (Bloomberg)

2 min read . Updated: 08 Feb 2021, 04:12 PM IST

Rhik Kundu

The carrier has never made a net profit since its merger with Indian Airlines in 2007. It posted losses of ₹7,982.83 crore (provisional figure) in 2019-20, ₹8,556.35 crore in 2018-19, and ₹5,348.18 crore in 2017-18

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New Delhi: Divestment-bound Air India Ltd is set to witness record loss this fiscal amid strict travel curbs and border lockdowns due to the covid-19 pandemic.

[The airline](#) is likely to incur a net loss of ₹9,500-10,000 crore in the year through March, up from a ₹8,000 crore loss recorded in the previous year, a senior official at Air India said, requesting anonymity.

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The carrier is expected to post a cash loss of around ₹6,000 crore this fiscal, up from ₹3,600 crore last year, the official said. Cash loss means an entity is not generating positive cash flows from its operations.

The official said Air India, which has already raised about ₹5,500 crore to make up for the cash loss during FY2020-21, is likely to raise another ₹500 crore by the end of this fiscal.

Air India has raised a ₹4,500 crore loan from the National Small Saving Fund (NSSF), while raising working capital loans worth ₹964 crore from banks for which the government has offered guarantee support, the official cited above said, adding the airline could raise another ₹500 crore from NSSF before fiscal-end.

When contacted, an Air India spokesperson declined any comment.

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Indian airlines are expected to post a net loss of ₹21,000 crore this fiscal, following travel curbs and diminishing travel appetite. The airlines will require additional funding of ₹37,000 crore from FY21 to FY23 to recover from the losses and debt, ICRA Ltd had said in a December report.

In a written reply to a query in the Lok Sabha last week, civil aviation minister Hardeep Singh Puri said the government has provided guarantee support of ₹964 crore to Air India to raise working capital loans from Indian banks this financial year, while extending the existing government guarantee of ₹6,693 crore for working capital needs and \$819 million for refinancing of aircraft bridge loans.

“In order to effectively prepare Air India for divestment, the government (has) prepared a plan to bring operational and financial efficiency in Air India. This plan focuses on the financial and operational efficiencies so that substantial increase in revenue and cost saving could be achieved,” Puri said.

The government hopes to complete the privatization of Air India in the next fiscal, finance minister Nirmala Sitharaman said in her budget speech on 1 February.

The Tata group and an employees’ consortium are among the parties that have submitted expressions of interest (EoI) for Air India.

The consortium comprises 219 employees of Air India and is headed by director (commercial) and board member Meenakshi Mallik. It hopes to tie up with a financial investor.

The winning bidder will also get a 100% stake in the carrier’s low-cost arm Air India Express and 50% stake in Air India SATS (AISATS), which provides ground handling and cargo services at major domestic airports.



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